

Toward a timely reading of the signs of change in tourism

International Visitor Numbers and Visit Ratios in Kansai Prefectures

Advance estimates of monthly indexes: June report

Main points

● Advance estimates of the number of foreign visitors and visit ratios by prefecture in June*

▶ As shown in Table 1 and Figure 1, the estimated number of international visitors in the Greater Kansai area in June is 4 in Fukui prefecture, 17 in Mie, 22 in Shiga, 596 in Kyoto, 796 in Osaka, 136 in Hyogo, 168 in Nara, 13 in Wakayama, 7 in Tottori, and 7 in Tokushima. The YoY decline is close to 100% in Nara, Wakayama, and Tottori, and around 99.9% in the rest of the prefectures. Inbound demand continues to be in a severe condition.

▶ By major region (or Transport Bureau district as defined by MLIT) the respective numbers are 176 in Hokkaido, 1,352 in Kanto, 309 in Chubu, 955 in Kansai (Kinki), and 222 in Kyushu (Table 1).

▶ The estimated visit ratios by prefecture in Greater Kansai in June are 0.2% in Fukui, 0.6% in Mie, 0.9% in Shiga, 22.9% in Kyoto, 30.6% in Osaka, 5.2% in Hyogo, 6.5% in Nara, 0.5% in Wakayama, 0.3% in Tottori, and 0.3% in Tokushima (Table 2 and Figure 6). The visit ratio increased MoM in Kyoto, Osaka, Nara, Wakayama, and Tottori. On the other hand, it decreased in Fukui, Shiga, Hyogo, and Tokushima, and it remained unchanged in Mie. The estimates were updated using the final visit ratio figures for 2020 Q1.

● Review of June data

▶ According to JNTO estimates (Table 3 and Figure 7), the total number of international visitors in June was 2,600 (-99.9% YoY), marking the 9th consecutive month of negative growth. While this represents a relative improvement from the previous month, which was the worst on record, the figure remains negligible.

▶ The top five inbound nationalities were China (300 visitors), South Korea (100 visitors), USA (100 visitors), Vietnam (100 visitors), and India (70 visitors). The low numbers reflect a decline rate of almost -100.0% YoY.

▶ In June, the number of visitors from China, Taiwan and Hong Kong decreased for the fifth consecutive month, while the number of visitors from Korea dropped for the 12th consecutive month. In July, the Japanese government began negotiations for resuming business travel to and from Taiwan and Brunei, in addition to Vietnam and Thailand, with which an agreement has already been reached. Japan is planning to open its borders for more countries and regions considered low-risk in terms of Covid-19.

Table 1 Number of foreign visitors by prefecture (advance estimates)

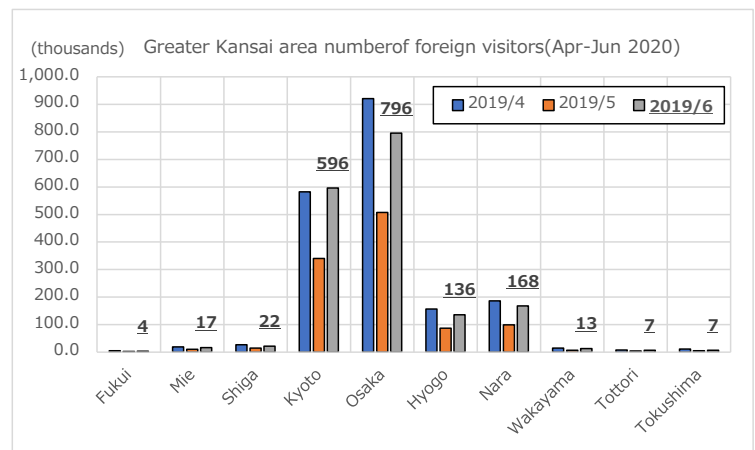
Number of foreign visitors

Prefecture	2020/4	2020/5	2020/6	20Q1	20Q2
Fukui	5	3	4	7,880	12
Mie	19	11	17	27,579	46
Shiga	27	15	22	35,459	64
Kyoto	582	340	596	847,069	1,518
Osaka	921	508	796	1,315,911	2,225
Hyogo	157	87	136	220,632	380
Nara	186	99	168	299,429	452
Wakayama	15	7	13	27,579	35
Tottori	8	4	7	11,820	19
Tokushima	11	5	7	15,759	24

Transport Bureau	2020/4	2020/5	2020/6	20Q1	20Q2
Hokkaido	334	152	176	450,677	661
Kanto	1,534	869	1,352	2,071,305	3,755
Chubu	328	187	309	442,506	824
Kinki	1,010	577	955	1,364,549	2,542
Kyushu	261	146	222	352,742	629

Note 1: The numbers also include visits for purposes other than leisure. The visit ratios for each prefecture are based on multiple answers. Accordingly, the number of foreign visitors in each major region is less than the sum of the visitor numbers of the individual prefectures in that region, as it excludes persons who visited several prefectures within the region. Actual values are highlighted.

Figure 1 Number of foreign visitors by prefecture (Apr-Jun comparison)



Note: Figures are based on the latest data available.

* The estimation is conducted as follows. First, we turn the quarterly visit ratio by prefecture into monthly data, and we use it to estimate a time series model. Then we make a forecast for the visit ratio in the next six months. By multiplying this newly obtained visit ratio with the total number of foreign visitors provided each month by the JNTO, we estimate the number of foreign visitors on a monthly basis. This procedure is repeated until the official visit ratios are released. The estimation is based on a technique we use for our very short-term forecasts of the trends in the Japanese economy. For a detailed explanation, refer to APIR's Trend Watch No. 54 (May 2019).

● **Kansai International Airport (KIX) in June: trends in international visitor numbers**

▶ **In June, the number of foreign nationals arriving at KIX was 578**, an improvement from May (181 arrivals, the lowest figure on record). The figure was negligible, with the decline being -99.9% YoY (Figure 2 and Figure 5). Despite the fact some airlines, such as Philippine Airlines and Singapore Airlines, have partially resumed flights to Japan since the middle of June, the number of foreign visitors has not recovered due to the strict entry restrictions imposed on foreign nationals.

● **Comparison of economic recovery paths**

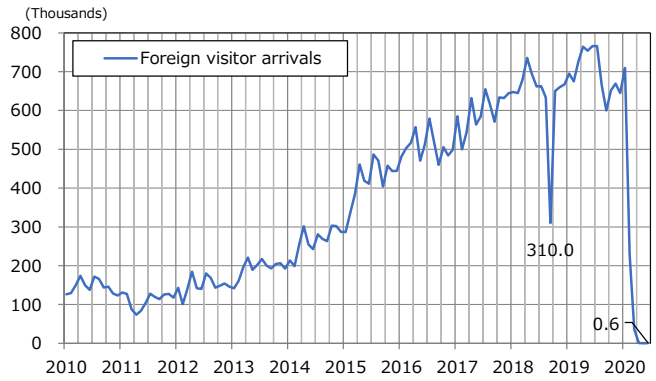
▶ **In June, the global economic slowdown caused by the COVID-19 pandemic affected Kansai's international imports and exports** (Figure 3). As a result of the declining trade with Western countries, exports dropped by -14.1% YoY, for the fourth consecutive month (-17.0% YoY in May). Marking the ninth consecutive month of negative growth, imports also contracted by -4.2% YoY (-19.7% YoY in May). Consequently, Kansai reported a trade surplus (JPY 102.9 billion) for the fifth consecutive month. However, Kansai's total international trade (imports + exports) dropped by -8.8% YoY (-18.3% YoY in May), continuing its downward trend for 19 consecutive months, except for September 2019.

▶ **By region** (Figure 4), Kansai's China-bound exports grew by 2.9% YoY, for the first time in two months, as China's manufacturing recovered. Imports from China also increased by 12.6% YoY for the third consecutive month. Non-ferrous metals and semi-conductor manufacturing devices were the major contributors to the rise in exports. On the other hand, office appliances, and yarns and threads drove the increase in imports. This can be explained by an expanding demand for computers and peripheral equipment necessary for remote work.

▶ **In June, the number of foreigners arriving at KIX plunged by -99.9% YoY, the fifth consecutive month of decline.** Based on our calculation of the total spending by foreigners in Kansai in 2019 (JPY 1,061 trillion), we estimate that the losses in inbound demand in June to be JPY 88.4 billion (=10,610/12×the drop rate of foreign visitors arriving at KIX). **The overall loss during the February-June period totals JPY 407.8 billion.**

▶ **In Figure 5, we compare the evolution of international arrival numbers at KIX following the Global Financial Crisis, the Great East Japan Earthquake, and the COVID-19 outbreak.** The decline in June was almost as severe as in May. Despite the fact that international flights were partially resumed and some foreign visitors are now allowed to travel to Japan, **the limited number of flights and the strict entry restrictions make it unlikely that their number will see a rapid recovery.**

Figure 2 Evolution of the number of foreign visitor arrivals on KIX



Source: Based on *KANSAI Airports Review* and Immigration Services Agency, Kansai International Airport Branch Office. The numbers for May 2020 are preliminary figures (same as in Figure 5).

Figure 3 Evolution of Kansai's foreign trade

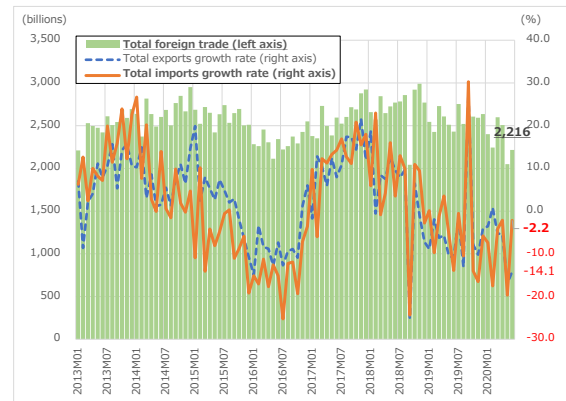
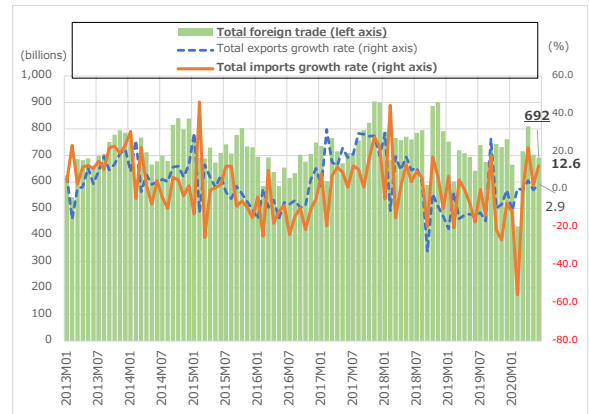


Figure 4 Evolution of Kansai's trade with China



Source: Based on *Osaka Customs Preliminary Data: Kansai Area*.

Figure 5 Recovery paths from economic shocks

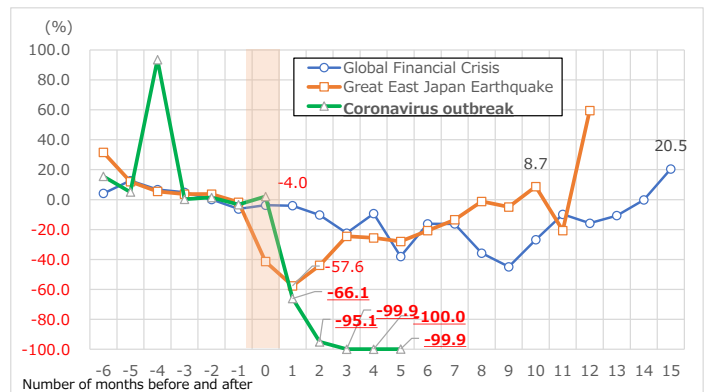


Table 2 Monthly visit ratio (advance estimates)

Visit ratio(%)					
Prefecture	2020/4	2020/5	2020/6	20Q1	20Q2
Fukui	0.19	0.17	0.15	0.20	0.15
Mie	0.66	0.64	0.64	0.70	0.64
Shiga	0.92	0.90	0.85	0.90	0.85
Kyoto	19.96	20.47	22.92	21.50	22.92
Osaka	31.58	30.53	30.60	33.40	30.60
Hyogo	5.38	5.25	5.23	5.60	5.23
Nara	6.37	5.96	6.45	7.60	6.45
Wakayama	0.50	0.44	0.49	0.70	0.49
Tottori	0.27	0.25	0.26	0.30	0.26
Tokushima	0.38	0.32	0.28	0.40	0.28

Transport Bureau	2020/4	2020/5	2020/6	20Q1	20Q2
Hokkaido	11.44	9.14	6.76	11.44	6.76
Kanto	52.57	52.26	51.99	52.57	51.99
Chubu	11.23	11.26	11.89	11.23	11.89
Kinki	34.63	34.70	36.72	34.63	36.72
Kyushu	8.95	8.75	8.56	8.95	8.56

Note: Official figures are highlighted.

Figure 6 Evolution of visit ratios

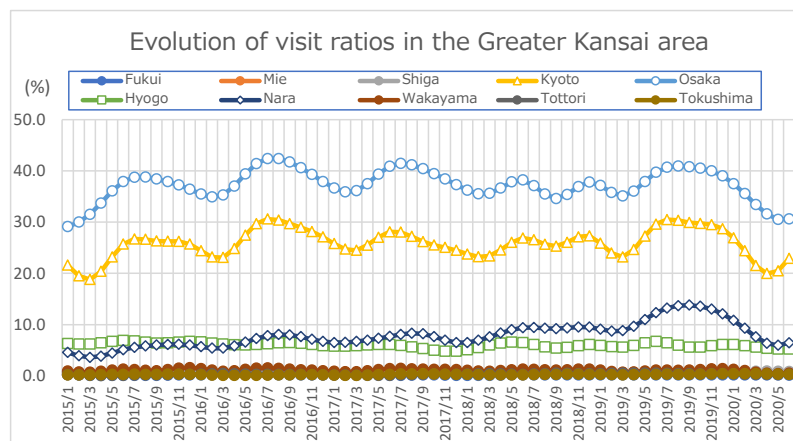
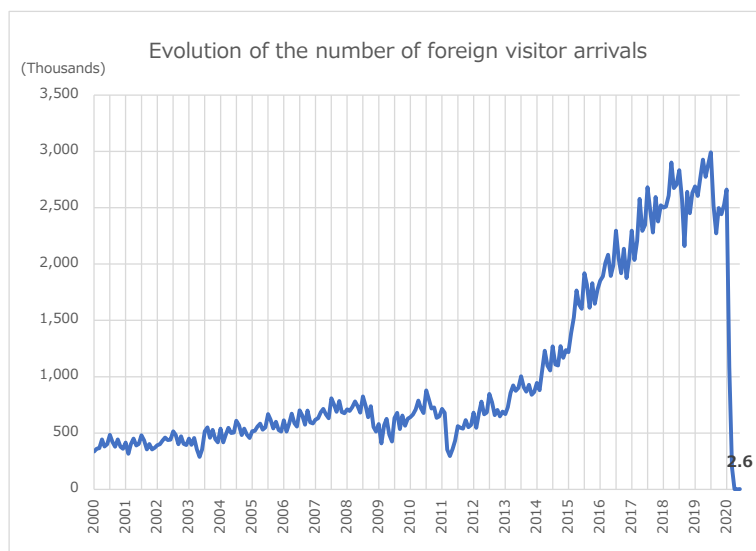


Table 3 Foreign visitors in June 2020 (JNTO estimates)

Country/Area	Total			Total		
	2019 June	2020 June	Growth rate(%)	2019 Jan-Jun	2020 Jan-Jun	Growth rate(%)
Grand Total	2,880,041	2,600	-99.9	16,633,614	3,947,000	-76.3
Major countries total (excl. S.Korea)	2,175,088	810	-100.0	12,168,030	3,294,470	-72.9
South Korea	611,867	100	-100.0	3,862,658	477,800	-87.6
China	880,651	300	-100.0	4,532,465	1,022,900	-77.4
Taiwan	461,085	50	-100.0	2,480,849	689,760	-72.2
Hong Kong	209,030	<10	-100.0	1,097,889	344,910	-68.6
Thailand	62,984	10	-100.0	683,595	215,340	-68.5
Singapore	47,264	<10	-100.0	214,083	54,790	-74.4
Malaysia	30,534	10	-100.0	237,929	74,740	-68.6
Indonesia	49,290	20	-100.0	215,873	69,730	-67.7
Philippines	46,842	50	-99.9	295,120	104,350	-64.6
Vietnam	35,419	100	-99.7	253,247	111,500	-56.0
India	15,359	70	-99.5	92,940	22,540	-75.7
Australia	37,283	10	-100.0	326,906	142,660	-56.4
U.S.A.	175,491	100	-99.9	875,124	214,200	-75.5
Canada	25,402	20	-99.9	183,769	52,760	-71.3
Mexico	5,676	<10	-100.0	31,624	9,360	-70.4
United Kingdom	25,801	30	-99.9	185,698	49,810	-73.2
France	21,317	20	-99.9	160,310	41,320	-74.2
Germany	15,697	10	-99.9	118,479	28,620	-75.8
Italy	11,357	<10	-99.9	74,768	13,140	-82.4
Russia	8,844	<10	-100.0	55,940	20,770	-62.9
Spain	9,762	10	-99.9	51,422	11,270	-78.1
Middle East	7,747	30	-99.6	46,070	7,080	-84.6
Others	85,339	1,630	-98.1	556,856	167,650	-69.9

※ <:less than

Figure 7 Evolution of the number of foreign visitors



Source: Based on data published by Japan National Tourism Organization (JNTO) on July 15, 2020.